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March 2, 2005

BY OVERNIGHT DELIVERY

Tennessee Regulatory Authority
Ms. Sharla Dillon, Docket Room
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Application by Network US, Inc. d/b/a CA Affinity and Motion Telecom,
Inc. for Approval of an Asset Purchase Agreement
Response to Data Request No. 3
Docket No. 04-00242

Dear Ms. Dillon:

Please find responses to Data Request No. 3 in the above referenced docket.

1. *Please forward a copy of the Management Agreement mentioned in the response to Data Request No. 2, question No. 2 received by this Authority on January 27, 2005.*

The Management Agreement is attached hereto as Exhibit A.

2. *Why was the Authority not notified about the Management Agreement?*

The Asset Purchase Agreement was attached to the original Application submitted by NUS and the Management Agreement is described and referred to as Exhibit 2.04 in the Asset Purchase Agreement Section 2.04 Pre-Closing; Management; Closing. (See applicable section attached hereto as Exhibit B).

3. *On January 18, 2005, the TRA received a request from Motion Telecom, Inc. to withdraw its reseller certification no later than December 31, 2004. The letter further states "Effective upon that Order, and no later than December 31, 2004, Motion will have no customers in the state and will not be billing any of the customers. The customers have been notified by the buyer, Network US, Inc." Is this action expressly allowed by the Management Agreement referenced above? Has Motion already transferred its customers to Network US, Inc.?*

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Yes. The action is expressly allowed by the Management Agreement.
Yes. Motion has transferred it customers to Network US.

Enclosed please find an original and thirteen (13) copies of this response.
Please date stamp and return the enclosed extra copy of this letter in the envelope provided.

Please call me should you have any questions concerning this filing. Thank you for your assistance with this matter.

Sincerely,


EllenAnn G. Sands

Enclosures

Exhibit A

Management Agreement

MANAGEMENT AGREEMENT

This Management Agreement ("Agreement") is made as of July 30, 2004 (the "Effective Date") by and between Motion Telecom, Inc., a Colorado corporation with offices at 7101 S. Fulton Street, Suite 200, Centennial, CO 80112 ("Company") and Network US, Inc d/b/a CA Affinity, an Illinois corporation with offices at 180 N. LaSalle Street, Suite 1820, Chicago, Illinois, 60601 ("Manager") (Company and Manager are each a "Party" and are collectively referred to herein as the "Parties").

RECITALS

WHEREAS, Company is a reseller of long distance telecommunications services in various jurisdictions throughout the United States (collectively, Company's business is referred to as the "Business"); and

WHEREAS, Company and Manager have entered into an Asset Purchase Agreement of even date (the "Purchase Agreement") under which Manager will acquire certain of the assets of Company required to operate the Business, including the customer base (the "Purchased Customers" and collectively, the "Assets"); and

WHEREAS, pursuant to the Purchase Agreement, Company will sell, transfer and assign the Assets to Manager, subject to the terms and provisions of the Purchase Agreement; and

WHEREAS, Manager has already obtained governmental authorizations (the "Authorizations") from the Federal Communication Commission (the "FCC") and from the telecommunications regulatory entities of the states in which the Purchased Customers are located (collectively, the "Commissions"); and

WHEREAS, as of the Effective Date, (i) the Commissions have not yet consented to the acquisition of the Assets (such consents are referred to as the "Commission Consents"); and (ii) the applicable notice periods required by the FCC have not expired (the expiration of such period, the "FCC Notice Expiration") said outstanding Commission Consents and the FCC Notice Expiration being referred to herein as the "Regulatory Consents"); and

WHEREAS, Company and Manager desire to enter into an agreement under which (i) Company will continue to own, to the extent required by the FCC and the Commissions, the Assets which relate to the Regulatory Consents until such time as the Regulatory Consents have been obtained; and (ii) Manager will manage the portion of the Business owned and/or controlled by Company related to the Assets until such time as the Regulatory Consents have been obtained as contemplated hereunder.

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, Company and Manager agree as follows:

ARTICLE I
Management Services; Company's Policies and Procedures

- 1.1 Company hereby appoints Manager, and Manager hereby accepts the appointment, to manage the Business, at the sole cost and expense of Manager, in such manner as Manager deems appropriate and in compliance with the Authorizations and applicable law. Such management duties shall include, but shall not be limited to, the following:
- (a) Providing all operational personnel and other operational services necessary for the operation of the Business;
 - (b) Collecting all accounts receivable (and maintaining collections in an account of Manager), rendering all bills, processing all credit card charges and keeping books and records;
 - (c) Providing all resources necessary to operate the Business;
 - (d) Marketing the services of the Business; and
 - (e) Taking all action and doing all things necessary and proper to carry out the duties of operating and managing the Business and to comply with applicable law.
- 1.2 During the Term of this Agreement, Company shall (subject to Company having personnel necessary to perform the related tasks and in no event shall Company be required to expend any monetary resources in such process or to provide or maintain personnel) undertake commercially reasonable efforts to:
- (a) Maintain current pricing with respect to the Business, unless otherwise directed by Manager and authorized by applicable law;
 - (b) Forward any Purchased Customer's account inquiries to the Manager and refer the Purchased Customer to the Manager for all purposes.
 - (c) Comply with and maintain Company's tariffs;
 - (d) Assist Manager in its negotiation efforts with underlying carriers, to facilitate discussion of a contractual relationship between Manager and such parties;
 - (e) To the extent Company's Assumed Contracts, including those with its underlying carriers cannot be assigned, allow Manager to utilize said Assumed Contracts, or purchase services from Company at Company's cost under said Assumed Contracts, until the Closing or until Manager is successful in entering into contractual relationships with all such underlying carriers, whichever occurs first, provided, however, that any liabilities under the Assumed Contracts arising after the Pre-Closing Date shall be the sole obligation of Manager, whether or not the Third Party Consents have been given on or before the Closing Date;
 - (f) Supply Manager with copies of all lists of Purchased Customers and related account information; and

- (g) Assist Manager in its transition of Purchased Customers to Manager, including providing to Manager reasonable access to all information regarding Purchased Customers.
- 1.3 Manager will bear all costs associated with operating the Business and complying with applicable law; provided that nothing herein shall be deemed to modify the terms under which Manager has acquired the Purchased Assets including, without limitation, that Manager acquired the Purchased Assets free and clear of liens and Manager did not assume any of Company's liabilities, except as set forth in the Sale Terms and the Sale Order.

ARTICLE II

Term

This Agreement shall be effective on the Effective Date and shall terminate on the earlier of (i) the date that Manager has received all of the Regulatory Consents and all actions required by Regulatory Consents shall have been completed by Manager; or (ii) 120 days after the Effective Date. If it should become necessary, and Manager has not received all of the Regulatory Consents, this Agreement may be extended by Manager for an additional 30 day term, but in no event later than December 31, 2004.

ARTICLE III

Manager's Compensation

- 3.1 As consideration for Manager providing to Company the management services described herein, Company agrees to pay Manager during the term(s) of this Agreement a monthly fee equal to the "net profit" derived from revenues paid to Manager by Purchased Customers included in the Assets during such period. Manager is directed to pay itself the monthly fee due hereunder from the revenues generated from services provided following the Closing and paid to Manager, following the Closing, by Purchased Customers included in the Assets for each and every month during the term of this Agreement and any and all extensions thereof.
- 3.2 Company will not have any obligation to (a) pay Manager any fee other than as provided in this Section 3, and then solely from revenues generated and collected by Manager from Purchased Customers included in the Assets for services rendered following the Closing, or (b) reimburse Manager for any costs or losses associated with the Assets or operation of the Business.

ARTICLE IV

Covenants

- 4.1 Each Party will, during the Term of this Agreement, use commercially reasonable efforts to:

Initials

ME

- (a) Continue to work diligently with the other Party to obtain for Manager the Commission Consents from each of the Commissions, to the extent that they have not yet been obtained and subject to Company having personnel necessary to perform the related tasks (in no event, however, shall Company be required to expend any monetary resources in such process or to provide or maintain personnel);
 - (b) Not intentionally to commit any act or fail or omit to perform any act (in the case of a failure or an omission, Manager shall have previously provided fifteen (15) days prior written notice of the required action), following the Effective Date (i) that will directly or indirectly cause a rejection, suspension, modification or cancellation of the other party's regulatory licenses or permits; or (ii) interfere with Manager's ability to obtain the Commission Consents. The obligation of Company to take any necessary action shall be at the sole cost and expenses of Manager and subject to Company having personnel necessary to perform the related tasks, but in no event shall Company be required to expend any monetary resources in such process or to provide or maintain personnel;
 - (c) Give prompt notice, orally and in writing, to the other Party of any change or event having, or which, insofar as can reasonably be foreseen in the future, would have a material adverse effect on the Authorizations or Manager's ability to obtain the Commission Consents;
 - (d) Provide the other Party copies of all material notices and communications received by a Party that relate to the Authorizations or the Assets, as the case may be; and
 - (e) Maintain in good standing all certificates, approvals, regulatory licenses and permits, and all agreements with Company's existing carriers for each jurisdiction in which Company currently does business, that are necessary to own and operate the Business in each state for which Manager has not received the Commission Consents (to the extent that Company is required to take any action, it shall be at the sole cost and expense of Manager and subject to Company having personnel necessary to perform the related tasks, but in no event shall Company be required to provide or maintain personnel).
- 4.2 This Agreement to the extent permitted by law, shall constitute an equitable assignment by Company to Manager of all of Company's rights, benefits, title and interest in and to the Assets, and where necessary or appropriate, Manager shall be deemed to be such Company's agent for the purpose of completion, fulfilling and discharging all of such Company's rights and obligations arising on or after the date hereof under such Assets.
- 4.3 To the extent that Company is required to incur any cost or expense to enable it to comply with the covenants or other agreements in this or other sections of this

Agreement (including, without limitation, expenses associated with retention of employees or office space after the date hereof) or otherwise for the benefit of Manager, Manager shall promptly reimburse Company for all such related reasonable costs and expenses within fourteen (14) days following receipt of an invoice therefore. Company shall provide the back up for all such invoices, as requested by Manager. At Company's option, the Company may request that Manager pre-pay the estimated costs and expenses.

ARTICLE V

Warranty

Manager warrants that it will perform its duties and obligations under this Agreement consistent with industry standards and in accordance with the Authorizations and other applicable law.

ARTICLE VI

Grant of Licenses

- 6.1 License to Use Assets. Except as otherwise set forth herein or in the Purchase Agreement, Company hereby irrevocably grants Manager an exclusive license to use the Assets and the Business (the "Manager License") to the extent permitted by applicable law. The Manager License shall have a term coterminous with this Agreement, subject to the provisions of Article II hereof. Manager's use of the Assets and the Business shall be exclusive except for Company's rights to use such facilities as the Parties mutually deem appropriate in connection with the satisfaction of Company's obligations as the holder of the Authorizations.

ARTICLE VII

Default

- 7.1 Events of Default. The following, after the expiration of the applicable cure periods specified in Section 7.2, shall constitute "Events of Default" under this Agreement:
- (a) Default in Covenants. Any Party's material default in the observance or performance of any covenant, condition or agreement contained herein; or
 - (b) Breach of Representation. Any Party's material breach of any representation or warranty made by it herein, or in any certificate or document furnished pursuant to the provisions hereof, which shall prove to have been false or misleading in any material respect as of the time made or furnished.
 - (c) Cure Periods. An Event of Default shall not be deemed to have occurred until fifteen (15) days after the non-defaulting Party has provided the defaulting party with written notice specifying the event or events that if

not cured would constitute an Event of Default, and such event has not been cured within such time period; provided, however, that the period for cure may be shortened to the extent reasonably required to comply with an order or directive by the FCC, the Commissions or other governmental agency or applicable law.

- 7.2 Indemnification by Manager. Manager shall indemnify, defend and hold harmless Company and its officers, directors, employees and agents from any and all claims, losses, liabilities, damages, costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred by such parties in connection with the Business including, but not limited to: (a) a breach or default by Manager of (i) any term, condition, obligation or agreement of Manager in this Agreement or (ii) applicable law; or (b) any liability of such parties to the FCC, the Commissions, any other governmental authority or third party for any amount due (including without limitation all fees, expenses, fines or penalties, arising from the operation or management of the Business by the Manager after the date hereof). In no event shall the foregoing sentence preclude Manager from bringing or maintaining an action against Company upon an Event of Default by Company.

ARTICLE VIII

Sale Terms

Nothing herein shall be deemed to limit or otherwise modify the rights and obligations of the Parties under the Purchase Agreement, which rights and obligations shall have terminated or shall remain in effect, as the case may be, in accordance with the provisions of the Purchase Agreement.

ARTICLE IX

Force Majeure

The Parties' obligations under this Agreement will be suspended as a result of any act of God, terrorist act, military action, strike, lockout or other organized labor problems, or unavailability of supplies or materials as a result of any of the foregoing, rendering such Parties' performance under this Agreement impossible. Such obligations will be suspended until such time as the interrupting event abates and the Parties may reasonably operate as they had prior to such event.

ARTICLE X

Confidentiality

Any information (a) disclosed to Company by Manager in a document or other medium indicated to be confidential by a label, legend or other notice; or (b) known to be confidential by Company with respect to the Assets or the Business (collectively, the "Confidential Information") will be used by Company solely for the purpose of enforcing its rights or performing its obligations under this Agreement or the Sale Terms. Company will not divulge

any Confidential Information to anyone without the written consent of Manager, except as required by law or to enforce its rights under the Purchase Agreement or this Agreement. Company shall treat such Confidential Information with the same degree of care against disclosure that it affords to its own confidential information, and in no event less than reasonable care. This obligation of confidential treatment shall not apply to any information that: (i) may be necessary for Company to enforce the obligations of Manager under the Sale Terms or this Agreement; (ii) has become generally available in the public domain; (iii) was received from a third party who had a right to disclose such information; or (iv) is required to be disclosed to comply with applicable laws, governmental rules or regulations, subpoenas or court orders, provided that with respect to any disclosure of information pursuant to clause (iv), Company will consult with manager and cooperate with Manager in opposing or limiting the scope of disclosure. Unless required by law, this Agreement will not be recorded in any public records.

ARTICLE XI

Assignment

Neither Party hereto may assign its rights or obligations under this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld, conditioned or delayed, except that Manager may assign its rights and obligations under this Agreement to any parent, subsidiary or affiliate of Manager, or to any entity acquiring all or a substantial portion of the Assets from Manager.

ARTICLE XII

No Change in Control

This Agreement shall not be construed to constitute a change in control in violation of the laws or regulations administered by the FCC or any Commission.

ARTICLE XIII

Miscellaneous

13.1 Notice. All notices or other communications hereunder shall be made in the same manner and subject to the same provisions as set forth in the Purchase Agreement, except that notices which otherwise were to be directed to Company shall be directed to Manager as follows:

If to Company:	Motion Telecom, Inc. 7101 S. Fulton St., Suite 200 Englewood, CO 80112 Attn: Mark Gritz
with a copy to:	Vonderheid & Associates, P.C. 8101 E. Dartmouth Ave. #95 Denver, CO 80231 Attn: Barbara H. Vonderheid
If to Manager:	Network US, Inc.

1842 Centre Point Drive, Suite 128
Naperville, Illinois, 60563
Attn: Bernard A. Goldman

with a copy to.

Nowalsky, Bronston & Gothard, A.P.L.L.C.
3500 North Causeway Blvd., Suite 1442
Metairie, LA 70002
Attn: Benjamin W. Bronston

Any party may change its address for notice by written notice given to the other parties.

13.2 Amendment: Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Manager and Company, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege

13.3 Governing Law; Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, its rules of conflict of laws notwithstanding.

13.4 Relationship of the Parties. Subject to Section 4.2 of this Agreement, Company and Manager shall be independent contractors. Subject to Section 4.2 of this Agreement, nothing contained herein shall be deemed to create any franchise, fiduciary, agency, partnership, joint venture, employment or special relationship between Company and Manager.

13.5 Entire Agreement. This Agreement, the Sale Terms (and the documents constituting same), and the documents referenced therein or herein contain the entire agreement between the Parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters.

13.6 Parties in Interest. Except as otherwise provided in this Agreement, this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any person other than Manager, Company or their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

13.7 Headings. Headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

13.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same instrument.

13.9 Severability. Except as expressly set forth in Section 13.10, if any provision contained in this Agreement is held to be invalid, illegal or unenforceable in any respect by any court or other authority, then such provision shall be deemed limited to the extent that such court or other authority deems it reasonable and enforceable, and as so limited shall remain in full force and effect. In the event that such court or other authority shall deem any such provision wholly unenforceable, this shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained herein.

13.10 Regulatory Changes. In the event of any order or decree of an administrative agency or court of competent jurisdiction, including without limitation any material change or clarification in the rules, policies, or precedent of the FCC or any Commission, that would cause this Agreement to be invalid or violate any applicable law, and such order or decree has become effective and has not been stayed, the Parties will use their respective best efforts and negotiate in good faith for at least thirty (30) days to modify this Agreement so as to comply with such order or decree without material economic detriment to either party, and this Agreement, as so modified, shall then continue in full force and effect. In the event that the Parties are unable to agree upon a modification of this Agreement so as to cause it to comply with such order or decree without material economic detriment to either party, then this Agreement may be terminated at the option of Manager or Company. In the event of the occurrence of such a change of applicable law or such an order or decree of an administrative agency or court of competent jurisdiction, as provided herein, and the Parties are not able to agree upon a revision to this Agreement, in no event shall such set of circumstances impair the transactions contemplated by or consummated under the Sale Terms, it being the understanding of the Parties that Manager has assumed the full and complete risk of the occurrence of such matters.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as an instrument under seal in multiple counterparts as effective as of the Effective Date by their duly authorized representatives.

MOTION TELECOM, INC.

By: 

Name: Mark Gritz

Its: President

NETWORK US, INC. d/b/a CA AFFINITY

By: 

Name: Bernard A. Goldman

Its: Executive Vice President/
Assistant Secretary

Exhibit B

**Section 2.04 of the
Asset Purchase Agreement**

2.04 Pre-Closing; Management; Closing. The preliminary closing of the transactions contemplated hereby (the "Pre-Closing") shall occur on July 30, 2004 (the "Pre-Closing Date"), or at such other time as shall be mutually agreed to in writing by the parties hereto. The Pre-Closing shall commence at 10:00 a.m., local time, on the Pre-Closing Date and proceed promptly to conclusion. Notwithstanding the foregoing, the consummation of the transactions contemplated herein (the "Closing") shall not be completed until such time as all necessary regulatory and other consents and approvals have been obtained, including but limited to any approvals required by the Federal Communications Commission and all applicable state public service and public utility commissions (collectively, the "Regulatory Consents"). The date on which the actual Closing occurs (the "Closing Date") shall be no later than fifteen (15) days after the Regulatory Consents have been obtained, and title to the Assets and the Purchased Business shall not pass from Seller to Purchaser until that time, provided, however, in no event shall the Closing take place later than December 31, 2004, whether or not the Regulatory Consents have been obtained. Commencing on the Pre-Closing Date and continuing through and including the Closing Date, Purchaser shall manage the Assets and the Purchased Business pursuant to a management agreement (the "Management Agreement") in substantially the form attached hereto and incorporated herein as Exhibit 2.04

2.05 Deliveries.

(a) Deliveries by Seller. Seller shall deliver to Purchaser at the Pre-Closing the following:

- (i) a fully executed Bill of Sale and Assumption Agreement in the form attached hereto as Exhibit 2.05(a)(i);
- (ii) a certificate, dated as of the Pre-Closing Date and executed by an appropriate officer of Seller, to the effect that (A) each of the representations and warranties of Seller made herein is true and correct in all material respects on the Pre-Closing Date as though such representations and warranties were made on such date, (B) Seller have performed and complied in all material respects with all covenants and obligations under this Agreement which are required to be performed or complied with by such party on or prior to the Pre-Closing Date;
- (iii) a fully executed non-competition agreement of Seller in the form attached as Exhibit 2.05(a)(iii) (the "Non-competition Agreement");
- (iv) unless waived by Purchaser, the third party consents specified in Schedule 2.05(a)(iv) hereto with respect to the Assumed Contracts, in form and substance reasonably satisfactory to Purchaser;